


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS

 April 25, 2019
 (Consolidated)

For the year ended March 31, 2019 and 2018

Operating results

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2019	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Net sales	¥ 1,594,743	¥ 1,574,242	\$ 14,365,760
Operating profit	64,023	55,925	576,732
Profit attributable to owners of parent	27,453	28,915	247,302
Earnings per share (Yen)	164.34	173.09	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Mar. 31, 2019	As of Mar. 31, 2018	As of Mar. 31, 2019
Total assets	¥ 1,838,855	¥ 1,785,028	\$ 16,564,769
Net assets	492,261	481,386	4,434,384
Number of shares issued and outstanding	167,045	167,047	
Equity Ratio	25.9%	26.1%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2019	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Operating activities	¥ 109,762	¥ 56,050	\$ 988,758
Investing activities	(85,344)	(80,590)	(768,796)
Financing activities	(19,771)	37,770	(178,101)
Cash and cash equivalents at end of period	68,311	64,362	615,359

Fiscal year forecast

	Millions of yen		
	Net sales	Operating profit	Profit attributable to owners of parent
One year ending March 31, 2020	¥ 1,700,000	¥ 72,000	¥ 38,000

- Notes :
1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
 2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥111.01=\$1, the rate prevailing as of March 29, 2019, solely for the convenience of the readers.
 3. As KHI carried out a share consolidation with a 10:1 ratio of common shares with an effective date of October 1, 2017, earnings per share has been calculated assuming that this share consolidation was carried out at the beginning of the fiscal year ended March 31, 2018.
 4. The company has reported its segment information for the year ended March 31, 2019 and 2018 based on the new reportable segments: Aerospace Systems, Energy System & Plant Engineering, Precision Machinery & Robot, Ship & Offshore Structure, Rolling Stock, Motorcycle & Engine, and Other.

Consolidated Balance Sheets

As of March 31, 2019 and 2018

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	Mar. 31, 2019	Mar. 31, 2018	As of Mar. 31, 2019
Assets			
Current assets			
Cash and deposits	¥ 74,311	¥ 70,632	\$ 669,408
Notes and accounts receivable - trade	427,665	470,110	3,852,491
Merchandise and finished goods	68,176	62,385	614,143
Work in process	405,087	326,459	3,649,104
Raw materials and supplies	119,558	115,893	1,077,002
Other	45,333	72,542	408,369
Allowance for doubtful accounts	(3,792)	(2,247)	(34,159)
Total current assets	<u>1,136,340</u>	<u>1,115,776</u>	<u>10,236,375</u>
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	194,939	186,623	1,756,049
Machinery, equipment and vehicles, net	148,620	144,399	1,338,798
Land	62,705	62,694	564,859
Leased assets, net	2,148	2,199	19,350
Construction in progress	18,227	25,724	164,192
Other, net	59,028	58,155	531,736
Total property, plant and equipment	<u>485,669</u>	<u>479,797</u>	<u>4,375,002</u>
Intangible assets	16,797	16,178	151,311
Investments and other assets			
Investment securities	14,501	14,798	130,628
Retirement benefit asset	93	88	838
Deferred tax assets	70,179	69,632	632,186
Other	116,696	92,441	1,051,221
Allowance for doubtful accounts	(1,422)	(3,685)	(12,810)
Total investments and other assets	<u>200,048</u>	<u>173,276</u>	<u>1,802,072</u>
Total non-current assets	<u>702,514</u>	<u>669,252</u>	<u>6,328,385</u>
Total assets	<u>1,838,855</u>	<u>1,785,028</u>	<u>16,564,769</u>
Liabilities			
Current liabilities			
Notes and accounts payable - trade	247,191	245,398	2,226,745
Electronically recorded obligations - operating	123,083	117,772	1,108,756
Short-term loans payable	100,023	108,978	901,027
Current portion of bonds	10,000	20,000	90,082
Lease obligations	319	283	2,874
Income taxes payable	10,390	6,042	93,595
Provision for bonuses	21,168	19,903	190,686
Provision for construction warranties	13,096	13,000	117,971
Provision for loss on construction contracts	27,609	18,258	248,707
Advances received	181,419	194,306	1,634,258
Other	129,978	125,454	1,170,867
Total current liabilities	<u>864,280</u>	<u>869,398</u>	<u>7,785,605</u>
Non-current liabilities			
Bonds payable	140,000	130,000	1,261,148
Long-term loans payable	187,568	185,685	1,689,650
Lease obligations	1,513	1,697	
Deferred tax liabilities	593	9,187	
Retirement benefit liability	97,602	86,836	879,218
Provision for the in-service issues of commercial aircraft jet engines	11,468	—	103,306
Other	43,566	20,837	392,451
Total non-current liabilities	<u>482,313</u>	<u>434,244</u>	<u>4,344,771</u>
Total liabilities	<u>1,346,593</u>	<u>1,303,642</u>	<u>12,130,376</u>
Net assets			
Shareholders' equity			
Capital stock	104,484	104,484	941,213
Capital surplus	54,542	54,573	491,325
Retained earnings	324,606	308,010	2,924,115
Treasury shares	(130)	(124)	(1,171)
Total shareholders' equity	<u>483,502</u>	<u>466,944</u>	<u>4,355,481</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,682	3,526	24,160
Deferred gains or losses on hedges	(227)	403	(2,045)
Foreign currency translation adjustment	(4,556)	719	(41,041)
Remeasurements of defined benefit plans	(5,014)	(5,532)	(45,167)
Total accumulated other comprehensive income	<u>(7,115)</u>	<u>(883)</u>	<u>(64,093)</u>
Non-controlling interests	15,874	15,324	142,996
Total net assets	<u>492,261</u>	<u>481,386</u>	<u>4,434,384</u>
Total liabilities and net assets	<u>1,838,855</u>	<u>1,785,028</u>	<u>16,564,769</u>

Consolidated Statements of Profit and Loss

For the year ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2019	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Net sales	¥ 1,594,743	¥ 1,574,242	\$ 14,365,760
Cost of sales	1,326,668	1,319,715	11,950,887
Gross profit	268,075	254,527	2,414,873
Selling, general and administrative expenses			
Salaries and allowances	54,952	52,502	495,018
Research and development expenses	48,734	45,434	439,005
Other	100,364	100,665	904,099
Total selling, general and administrative expenses	204,052	198,602	1,838,141
Operating profit	64,023	55,925	576,732
Non-operating income			
Interest income	909	720	8,188
Dividend income	294	291	2,648
Gain on sales of securities	862	46	7,765
Share of profit of entities accounted for using equity method	1,574	4,492	14,179
Other	3,056	3,580	27,529
Total non-operating income	6,696	9,131	60,319
Non-operating expenses			
Interest expenses	3,427	2,794	30,871
Foreign exchange losses	4,721	7,017	42,528
Payments for the in-service issues of commercial aircraft jet engines	14,851	—	133,781
Payments for contract adjustments for commercial aircraft jet engines	—	2,505	—
Other	9,857	9,513	88,794
Total non-operating expenses	32,858	21,830	295,991
Ordinary profit	37,861	43,225	341,059
Extraordinary income			
Gain on sales of non-current assets	—	2,606	—
Total extraordinary income	—	2,606	—
Extraordinary losses			
Loss from termination of a shipbuilding contract for an offshore service vessel	—	12,833	—
Total extraordinary losses	—	12,833	—
Profit before income taxes	37,861	32,999	341,059
Income taxes - current	16,704	11,634	150,473
Income taxes - deferred	(8,681)	(9,982)	(78,200)
Total income taxes	8,022	1,652	72,264
Profit	29,838	31,347	268,787
Profit attributable to non-controlling interests	2,385	2,431	21,485
Profit attributable to owners of parent	27,453	28,915	247,302

(Consolidated)

Consolidated Statements of Cash Flows

For the year ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2019	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019
Cash flows from operating activities			
Profit before income taxes	¥ 37,861	¥ 32,999	\$ 341,059
Depreciation	59,022	56,137	531,682
Increase (decrease) in allowance for doubtful accounts	(667)	1,093	(6,008)
Increase (decrease) in provision for bonuses	1,245	(387)	11,215
Increase (decrease) in provision for construction warranties	100	814	901
Increase (decrease) in provision for loss on construction contracts	9,336	11,029	84,101
Increase (decrease) in retirement benefit liability	11,982	13,324	107,936
Increase (decrease) in provision for the in-service issues of commercial aircraft jet engines	11,468	—	103,306
Interest and dividend income	(1,203)	(1,011)	(10,837)
Interest expenses	3,427	2,794	30,871
Share of loss (profit) of entities accounted for using equity method	(1,574)	(4,492)	(14,179)
Loss (gain) on sales of non-current assets	—	(2,606)	—
Loss from cancellation of a shipbuilding contract for an offshore service vesse	—	12,833	—
Decrease (increase) in notes and accounts receivable - trade	58,985	(35,516)	531,349
Decrease (increase) in inventories	(65,383)	(26,443)	(588,983)
Increase (decrease) in notes and accounts payable - trade	6,829	21,569	61,517
Decrease (increase) in advance payments	1,202	6,103	10,828
Increase (decrease) in advances received	(14,013)	(10,092)	(126,232)
Decrease (increase) in other current assets	(1,557)	(22,937)	(14,026)
Increase (decrease) in other current liabilities	2,299	8,644	20,710
Other, net	1,192	(789)	10,738
Subtotal	120,553	63,066	1,085,965
Interest and dividend income received	3,859	4,166	34,763
Interest expenses paid	(3,439)	(2,795)	(30,979)
Income taxes paid	(11,211)	(8,386)	(100,991)
Net cash provided by (used in) operating activities	109,762	56,050	988,758
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(82,836)	(82,238)	(746,203)
Proceeds from sales of property, plant and equipment and intangible assets	605	6,452	5,450
Purchase of investment securities	(1,025)	(512)	(9,233)
Proceeds from sales of investment securities	989	342	8,909
Purchase of shares of subsidiaries and associates	(3,818)	(3,408)	(34,393)
Other, net	741	(1,226)	6,675
Net cash provided by (used in) investing activities	(85,344)	(80,590)	(768,796)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(10,866)	16,363	(97,883)
Proceeds from long-term loans payable	34,772	64,363	313,233
Repayments of long-term loans payable	(30,709)	(42,694)	(276,633)
Proceeds from issuance of bonds	20,000	20,000	180,164
Redemption of bonds	(20,000)	(10,000)	(180,164)
Cash dividends paid	(10,868)	(8,375)	(97,901)
Dividends paid to non-controlling interests	(1,950)	(1,433)	(17,566)
Other, net	(149)	(454)	(1,342)
Net cash provided by (used in) financing activities	(19,771)	37,770	(178,101)
Effect of exchange rate change on cash and cash equivalents	(696)	410	(6,270)
Net increase (decrease) in cash and cash equivalents	3,949	13,640	35,573
Cash and cash equivalents at beginning of period	64,362	50,722	579,786
Cash and cash equivalents at end of period	68,311	64,362	615,359

Segment information
Information by reportable segment

For the year ended March 31, 2018

Millions of yen									
Year ended Mar. 31, 2018									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	¥ 469,507	¥ 5,030	¥ 474,538	¥ 30,876	¥ 644,719	¥ 20,674	¥ -	¥ 34,613	
Energy System & Plant Engineering	251,640	19,695	271,336	7,686	288,895	3,337	19,118	3,738	
Precision Machinery & Robot	198,996	15,890	214,887	21,648	188,155	7,165	411	10,974	
Ship & Offshore Structure	95,610	3,786	99,397	(3,820)	147,963	1,444	49,749	4,774	
Rolling Stock	141,760	105	141,866	(12,438)	180,792	2,567	138	2,505	
Motorcycle & Engine	331,659	669	332,329	15,255	266,550	14,163	1,474	20,542	
Other	85,066	41,507	126,573	2,925	85,061	1,579	3,336	696	
Total	1,574,242	86,686	1,660,929	62,133	1,802,139	50,935	74,228	77,844	
Eliminations and corporate	-	(86,686)	(86,686)	(6,207)	(17,110)	5,205	-	4,319	
Consolidated total	¥ 1,574,242	¥ -	¥ 1,574,242	¥ 55,925	¥ 1,785,028	¥ 56,137	¥ 74,228	¥ 82,163	

Thousands of U.S. dollars									
Year ended Mar. 31, 2018									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	\$ 4,418,058	\$ 47,332	\$ 4,465,399	\$ 290,543	\$ 6,066,802	\$ 194,542	\$ -	\$ 325,708	
Energy System & Plant Engineering	2,367,931	185,330	2,553,270	72,325	2,718,500	31,401	179,900	35,175	
Precision Machinery & Robot	1,872,551	149,525	2,022,085	203,708	1,770,537	67,423	3,868	103,265	
Ship & Offshore Structure	899,689	35,626	935,325	(35,946)	1,392,331	13,588	468,138	44,923	
Rolling Stock	1,333,961	988	1,334,958	(117,041)	1,701,252	24,155	1,299	23,572	
Motorcycle & Engine	3,120,909	6,295	3,127,214	143,549	2,508,234	133,274	13,870	193,300	
Other	800,470	390,581	1,191,051	27,524	800,423	14,858	31,392	6,549	
Total	14,813,607	815,715	15,629,331	584,671	16,958,116	479,298	698,485	732,512	
Eliminations and corporate	-	(815,715)	(815,715)	(58,408)	(161,005)	48,979	-	40,642	
Consolidated total	\$ 14,813,607	\$ -	\$ 14,813,607	\$ 526,254	\$ 16,797,102	\$ 528,249	\$ 698,485	\$ 773,153	

Segment information
Information by reportable segment

For the year ended March 31, 2019

Millions of yen									
Year ended Mar. 31, 2019									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	¥ 463,958	¥ 12,089	¥ 476,048	¥ 32,611	¥ 649,260	¥ 21,299	¥ -	¥ 24,022	
Energy System & Plant Engineering	253,041	19,899	272,940	11,634	301,798	3,412	18,552	2,237	
Precision Machinery & Robot	222,095	17,151	239,247	21,352	205,199	8,220	634	11,636	
Ship & Offshore Structure	78,974	4,549	83,523	1,090	121,918	1,559	45,955	2,360	
Rolling Stock	124,689	27	124,716	(13,797)	211,102	2,615	133	3,358	
Motorcycle & Engine	356,847	718	357,566	14,366	283,770	15,317	1,549	18,505	
Other	95,136	41,136	136,273	2,501	93,601	1,527	3,509	861	
Total	1,594,743	95,572	1,690,316	69,760	1,866,652	53,953	70,334	62,982	
Eliminations and corporate	-	(95,572)	(95,572)	(5,737)	(27,797)	5,069	-	3,918	
Consolidated total	¥ 1,594,743	¥ -	¥ 1,594,743	¥ 64,023	¥ 1,838,855	¥ 59,022	¥ 70,334	¥ 66,900	

Thousands of U.S. dollars									
Year ended Mar. 31, 2019									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	\$ 4,179,425	\$ 108,900	\$ 4,288,334	\$ 293,766	\$ 5,848,662	\$ 191,866	\$ -	\$ 216,395	
Energy System & Plant Engineering	2,279,443	179,254	2,458,697	104,801	2,718,656	30,736	167,120	20,151	
Precision Machinery & Robot	2,000,676	154,500	2,155,184	192,343	1,848,473	74,047	5,711	104,819	
Ship & Offshore Structure	711,413	40,978	752,392	9,819	1,098,261	14,044	413,972	21,259	
Rolling Stock	1,123,223	243	1,123,466	(124,286)	1,901,649	23,556	1,198	30,250	
Motorcycle & Engine	3,214,548	6,468	3,221,025	129,412	2,556,256	137,979	13,954	166,697	
Other	857,004	370,561	1,227,574	22,530	843,176	13,756	31,610	7,756	
Total	14,365,760	860,931	15,226,700	628,412	16,815,170	486,019	633,583	567,354	
Eliminations and corporate	-	(860,931)	(860,931)	(51,680)	(250,401)	45,663	-	35,294	
Consolidated total	\$ 14,365,760	\$ -	\$ 14,365,760	\$ 576,732	\$ 16,564,769	\$ 531,682	\$ 633,583	\$ 602,648	

Orders by reportable segment*For the year ended March 31, 2019 and 2018*

	Billions of yen		Millions of U.S. dollars	
	Year ended	Year ended	Year ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	
Orders :				
Aerospace Systems	¥ 431.6	¥ 498.9	\$ 3,888	
Energy System & Plant Engineering	263.5	223.6	2,374	
Precision Machinery & Robot	222.4	207.1	2,003	
Ship & Offshore Structure	81.1	4.7	731	
Rolling Stock	136.0	257.1	1,225	
Motorcycle & Engine	356.8	331.6	3,214	
Other	94.2	84.8	849	
Total	¥ 1,585.9	¥ 1,608.0	\$ 14,286	